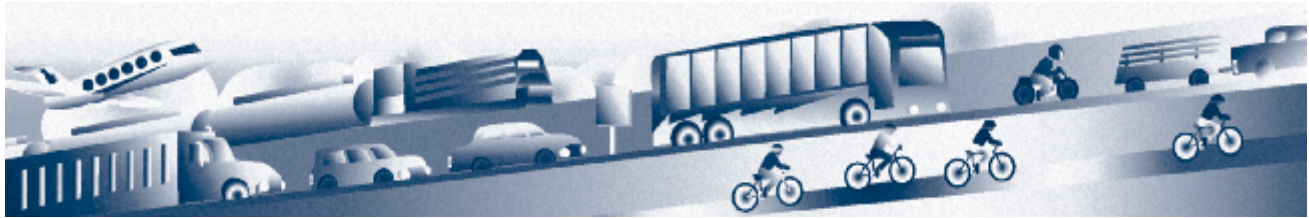


FORUM ON TRANSPORTATION INVESTMENT

7TH MEETING

DRAFT REPORT

NOVEMBER 29, 2005



FORUM ON TRANSPORTATION INVESTMENT

DRAFT REPORT

MINUTES

**A Draft Report, Draft Conclusions, and Reworded Recommendations
were sent to the Members prior to this meeting for their review.**

Additional documents not included in these minutes:

[agenda 1129 final.doc](#), [sign in 112905-member.doc](#), [sign in 112905-audience.doc](#)

November 29, 2005 – 9:00 AM to 4:00 PM
Holiday Inn, 3300 S Vista Ave., Boise, Idaho

Welcome and Introductions – Jim Kempton, Chair

Jim welcomed all attending (27 members, 15 audience) and asked them to introduce themselves.

Approval of November 1, 2005 Meeting Minutes

Dixie Reid moved and Tom Dale seconded to approve the minutes of November 1, 2005 as written. The motion for approval carried.

Meeting #7 Objective [Meeting 7 objectives.doc](#)

Achieve consensus around draft report; to include recommendations for financial tools and revenue sources necessary to address future surface transportation needs.

Jim reviewed the meeting objectives and reminded the Members that the draft report is open to comments and changes. The Member's comments are very important.

Idaho Fuel Tax, FHWA Funding, and Regression Considerations – Jim Kempton, Chair [Idaho Fuel Tax, FHWA Funding, Regression.ppt](#), [Chairman's perspective 112305.doc](#)

Jim noted that the gasoline and special fuels revenue at first increased, but then during the past several years has leveled off. The revenue from the current 25¢ fuel tax became stagnant in FY1999 and remains that way today.

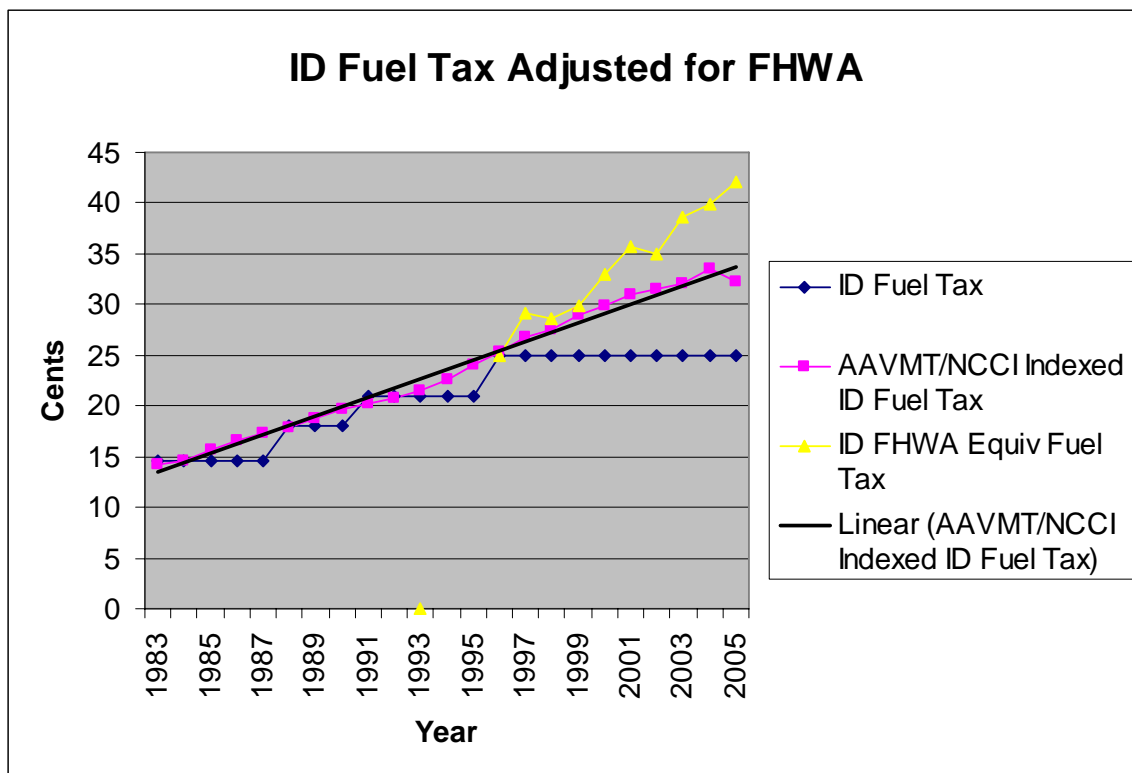
This flattened fuel tax revenue has significantly impacted the Local Highway Jurisdictions and State Police. Their annual budgets have diminished at a time when transportation needs and costs have skyrocketed. The Local Highway Jurisdictions also face significant challenges with the 3% cap on property tax. Some communities cannot keep pace with their local transportation needs. The backlog of transportation projects continues to increase and public frustration continues to grow.

Instead of raising fuel taxes, for the last ten years Idaho has relied heavily on increased Federal funds to finance transportation needs. Federal revenue is expected to increase at a much slower pace during the next few years and the Highway Trust Fund is predicted to be in a deficit situation sometime between FY2009-FY2010 unless additional federal taxes/revenue is designated. The Federal fuel tax will probably be increased in the next few years.

By using a higher percentage of Federal funds, other parts of the Idaho transportation system have suffered. Federal funds are formulated to address specific goals (interstate system, air quality, etc.). The stagnation of State funds for the last ten years has reduced revenue for local highway jurisdictions. Some jurisdictions are facing major loss of revenue.

Jim also reviewed information from the Legislative Budget Office (Expenditure Classifications) that shows that the Idaho Transportation Department (ITD) has covered capital expenditures by cutting operating and personnel costs, which can not continue unless ITD services are decreased. Additionally, higher cost of fuel and the move to alternative-fueled and hybrid vehicles, also impact transportation revenue sources. Political resistance to raising fuel taxes will be high, but phased-in increases are reasonable and attainable, although, once the Federal fuel tax is increased, raising Idaho's fuel tax will be even more difficult.

Jim explained that the Idaho Fuel Tax Adjusted for FHWA chart shows regression predictions compared to Idaho Fuel Tax during the FY1986-FY1996 period. Data from an AAVMT/NCCI Indexed ID Fuel Tax, an ID FHWA Equivalent Fuel Tax, and a "Linear" (AAVMT/NCCI Indexed ID Fuel Tax) were used to develop this chart. The revenue was forecast for prior years and compared with the actual collections, finding that the forecasted revenue was within 5%, proving the regression line is fairly accurate.



A regression analysis done on the Idaho Transportation Department's FY1996-FY2004 expenditures and forecasted to FY2034 estimate a total average cost of \$203 million per year -- over \$21 billion (2005 \$) during the 30 year time frame. Jim pointed out that with changes in projects (added and dropped) and inflation, the estimated total will probably still be in a similar price range. A \$20 billion range is reasonable for projected needs and Idaho should be planning to achieve revenue sources to meet that need.

Roger Seiber stated that this report is an excellent framing of transportation challenges and asked if we want to give the legislators a direction for a solution. Jim suggested that we may want to suggest an indexing process to include a review of transportation expenses and revenues and decisions as to where the state wants to be. He was not in favor of imposed index points, but rather a review of transportation objectives and then making the political decisions. If the funds are not available, the legislature may need to develop a strategy to reduce the transportation infrastructure or some type of revenue generating process.

Other suggestions -- GARVEE legislation was proposed with identified projects and a proposal for indexing or fuel tax raises could be presented in the same way so people can easily see the benefits. A legislative interim committee to come up with the rate and the timing of the increase could be a good way to get political consensus. The 5-year plans should be used along with future projected data to substantiate the requested revenue. The incremental tax increases should be considered carefully.

Jim again stated that the legislators set the transportation revenue goal of how much is needed and they decide how to meet that goal.

Draft Report – Review of Chapters and Information – Tom Warne and Lisë Stewart

Tom Warne reviewed the following timelines for the development of the Forum's Final Report.

- December 7 -- Forum members submit draft report comments to Linda.
- December 9 -- The project team meets to incorporate changes and finalize the report.
- December 13 -- Additional changes to the Conclusions, Recommendations, and other pertinent information will be sent to the Forum members to review and approve/disapprove.
- December 15 -- Deadline for Forum members changes.
- December 21 -- The Final Report is sent to the printer.
- December 26 -- Final Report mailed to the Forum members.
- January 5 -- At the final Forum meeting, the Final Report is reviewed, corrected, if needed, and approved.
- January 18 -- The approved Forum's Final Report is presented to the Idaho Transportation Board.

Tom noted that the Forum's Report gives readers who are not familiar with transportation issues a good foundation for understanding the complexity of future transportation challenges. The Executive Summary has not been written yet, nor has a chart of exhibits, list of figures, chart of abbreviations, and an additional section on efficiencies. The Final Report will contain numerous appendices and all of that information will be on a CD that will be distributed with the written portion.

The Draft Report was reviewed section by section. Comments, corrections, and other pertinent information were gathered. (See [draft report-sections discussion.doc](#) for detailed discussion.)

Draft Report – Conclusions – Tom Warne [Conclusions-draft report.doc](#)

Tom reviewed each of the following proposed Forum Conclusions that were based on the Forum's report materials.

- A. Idaho will continue to grow at an historic pace.**
- B. Transportation is critical to the state's economy.**
- C. Transportation must be addressed at all levels of government and among all jurisdictions.**
- D. Increased transportation funding is not a challenge to be delayed to the future.**
- E. Federal funding cannot be relied upon to solve Idaho's transportation funding challenges.**
- F. Idaho's transportation needs in the next 30 years are in excess of \$20 billion.**
- G. Idaho's funding shortfall from FY2005 through FY2035 is over \$200 million a year.**
- H. Public transportation must be addressed as part of Idaho's comprehensive transportation solution for the future.**
- I. Idaho's current fuel tax is inadequate to address the pressing transportation funding needs over the next 30 years.**
- J. The answer to Idaho's transportation funding challenge lies not in a single solution, but rather in adopting a menu of revenue sources to address both state and local needs and all modes of transportation.**
- K. Freight movement in Idaho is an important element of Idaho's transportation future.**
- L. Solutions to Idaho's transportation funding challenge may require innovative and non-traditional revenue sources and means of collection.**
- M. Idaho must recognize the eventual transition from motor fuel to alternative fueled vehicles and prepare accordingly.**

The members made many suggestions, corrections, etc. (See [draft report-conclusions discussion.doc](#) for more details.) The Conclusions will be further revised and emailed to the Members for review prior to the Final Report.

Draft Report – Reworded Recommendations –Lisë Stewart [Reworded Recommendations-112805.doc](#).

Lisë Stewart led the discussion on the reworded Recommendations. Numerous suggestions and changes were made. The R-4 recommendation was removed and R-5 was further modified and accepted. The Members agreed that additional changes were needed and agreed to have the consultants email a further revised set to review prior to December 15. (See [draft report-recommendations discussion.doc](#) for detailed discussion.) Other information for changes was recorded on flipcharts. (See [flip chart 112905.doc](#) for more detail.)

Next Meeting – January 5, 2006

Tom Warne reminded the members that the revised conclusions, recommendations and other pertinent parts of the report will be emailed to them the week of December 12th. Further input/changes would be needed by December 15.

Chairman Kempton thanked the Members for their efforts and reminded them of the next meeting objectives. The meeting will be on January 5th at the Holiday Inn in Boise.

January 5 Meeting Objectives -- Final Report and Recommendations [Meeting 8 objectives.doc](#)

- Achieve consensus for approval of the FTI's final report and recommendations for transmittal to the Idaho Transportation Board.
- Achieve consensus regarding possible promotion, endorsement, and other public advancements of the FTI's recommendations.

He also noted that the Forum needs to plan the presentation of the Final Report to the Idaho Transportation Board on January 18 or 19, 2006. Arrangements will be coordinated by Susan Bale.

Adjourn

The meeting was adjourned at 3:45 pm.